

# AWALÉ RESOURCES LIMITED

## MANAGEMENT DISCUSSION AND ANALYSIS

### For the three months ended March 31, 2018 and 2017

The Management Discussion and Analysis (“MD&A”) is an overview of the activities of Awalé Resources Limited (“Awalé”) and its subsidiaries (the “Company”). This MD&A describes the Company’s business operations through to the date of this MD&A. The MD&A should be read in conjunction with the Company’s audited financial statements for the years ended December 31, 2017, December 31, 2016 and the notes attached thereto (“Audited Financial Statements”) and the related MD&A for those years.

The effective date of this MD&A is May 24, 2018.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. The Company does not assume the obligation to update any forward-looking statement, except as required by applicable law.

Management is responsible for the presentation and integrity of the Financial Statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A is complete and reliable.

All amounts in the MD&A, Financial Statements and related notes are expressed in United States dollars (“\$”) unless otherwise noted.

Andrew Chubb, Target Company’s Chief Operating Officer, who is a Qualified Person as defined by National Instrument 43-101, has reviewed the geologic information contained in the MD&A on behalf of the Company.

## 1. DESCRIPTION OF THE BUSINESS AND A SUMMARY OF ACTIVITIES

### *Company overview*

Awalé Resources Limited (“Awalé” or the “Company”) (previously known as Spada Gold Limited), was incorporated under the Business Corporations Act of British Columbia on June 23, 2015. On April 14, 2016 the Company completed an initial public offering and became a capital pool company as defined in the TSX Venture Exchange (“TSXV”) Policy 2.4.

The Company completed a Qualifying Transaction (“QT”) on December 29, 2017 which is filed on SEDAR and was approved by the TSXV, and acquired the following entities:

- 80% of Awalé Resources Limited (“Awalé Resources”) from Sandstorm Gold Limited (“Sandstorm”);
- 20% of Awalé from Awalé Holdings Limited (“Awalé Holdings”);
- 100% of Aforo (Ivory Coast) Holdings Pty Ltd (“Aforo”) from Sandstorm.

Concurrently, with the QT, the Company completed a private placement on the TSXV issuing 13,967,902 shares at approximately US\$0.20 (C\$0.25) each, raising \$2,783,560. The placement comprised of one common share and one-half of one transferable warrant, with each whole warrant being exercisable to purchase one additional common share, at a price of \$0.32 (C\$0.40) per share, for a period of two years.

The Company’s current sole activity is to identify and explore precious metals projects in Côte d’Ivoire.

The principal office is 8681 Clay Street, Mission, British Columbia, Canada.

The Company trades on the TSXV under the symbol: “ARIC”.

## **Summary of activities – three months ended March 31, 2018**

### **Bondoukou**

This 1st quarter we saw the encouraging results from the completion of reverse circulation drilling and return of assays at the Bondoukou Project.

The drill program was designed to gain an initial understanding of subsurface geology as well as test mineralisation on 5 prospects within the Bondoukou project (all 5 prospects within the Bondoukou Est Permit). All prospects contained significant Orpillage and 3 of the prospects were covered by detailed auger geochemistry and geophysics. The executed program consisted of 57 holes for 4743 metres.

Previous works by Awalé (and previously Mariana Resources limited) included regional and prospect scale works as below:

- silt/stream sediment program on 5 to 10-kilometre catchments;
- regional scale prospecting, mapping and rock chip sampling;
- project wide aerial magnetic and radiometric survey (200m line spacing with selected 100m infill);
- Auger drilling and soil geochemistry; and
- Orientation Induce Polarisation (IP) surveys.

The drilling focussed on two distinct zones of mineralisation:

#### ➤ Along the Awari Shear Zone

This scout drilling produced multiple mineralised intercepts within a 6 kilometre zone of the 40km Awari Shear at the Fako, Fako South and Elizabeth Prospects. Encouragingly, the mineralisation is associated with a large alteration system at the Fako prospects where alteration and mineralisation is accompanied by an increase in shear intensity, and sulphide occurrence (pyrite +/- chalcopyrite). Preferred host rocks are intermediate intrusive rocks within a suite of mafic to ultramafic volcanic rocks.

These initial results from the Fako prospects are considered particularly encouraging, with broad mineralised intercepts and a consistent large fluid flow and alteration system over 6 strike kilometres. This alteration system remains open in all directions (Refer NR dated 2/2/2018). Further work is recommended.

#### ➤ Casino Prospect

Further to the North at Casino Prospect the focus was on high grade quartz veining where drilling has intercepted mineralisation both down dip and along strike from existing orpillage where rock chip sampling has returned results of up to 589 grams per tonne gold.

The Casino prospect is under shallow cover and a 700m long orpillage zone defines a NE-SW structural corridor which contains metasedimentary and volcanosedimentary rocks in contact with a granodiorite intrusive. It appears drilling to date missed steeply plunging lodes similar to that observed in the workings. However, some high grade in BERC0050 (1m @ 25.4 g/t Au from 10m) is interpreted as an extension of the smaller workings on the NW side of the main workings and 1m @ >11.05g/t Au from 91m in BERC0033 is interpreted as a down dip position of the main workings.

Further test work is recommended in an attempt to understand the plunge.

It is intended that follow up works commence before the rainy season sets in late May/June.

### **Odienné**

Initial first pass exploration works this quarter were also completed on the Odienné Project with assays pending.

The Company has one granted license in the north-west of Côte d'Ivoire, being its 90% interest in the Odienné Project area (400km<sup>2</sup> granted), along with a number of strategic permits under application. Anomalous active artisanal orpaillage workings are apparent along structural corridors

Work completed to date include stream sediment sampling over the entire property with elective broad soil sampling grids were undertaken.

### **Abengourou**

The Abengourou Project now consists of 2 prospective gold permits Amélékia and Nianda, in the Comoé district of south eastern Côte d'Ivoire. The two granted permits and one application form the Company's Abengourou Project.

These permits now give the Company a district presence at Abengourou with 718 square kilometres of granted tenure.

Initial work on the Abengourou Project is due to commence with confirmatory soil sampling on the initial, and more advanced, Amélékia permit. Amélékia was previously owned by Golden Star Resources Ltd and based on their historic results has significant gold soil anomalies which require confirmation by Awalé.

The exploration activities of the Companies for the three months ended March 31 are set out below.

<b>Expenditure</b>	<b>Bondoukou \$</b>	<b>Odienné \$</b>	<b>Abengourou \$</b>
Data analysis	48,793	1,707	-
Drilling and assay costs	292,362	-	-
Field Office & Camp	48,252	-	-
Exploration	100,968	2,387	-
Tenement costs	2,255	1,205	9,717
Administration	130,975	-	325
	627,605	5,299	10,042
Capital expenditure	1,550	-	-
<b>TOTAL</b>	<b>629,155</b>	<b>5,299</b>	<b>10,042</b>

The Company's continuing operations are dependent upon its ability to either secure additional capital or generate consistent cash flow from operations in the future.

## **2. RESULTS OF OPERATIONS – THREE MONTHS ENDED MARCH 31, 2018**

As the Company has no revenue from operations in any of the last two financial periods, the following is a breakdown of material costs incurred:

	<b>Three months ended March 31,2018</b>	<b>Three months ended March 31, 2017</b>
General and administrative expenditure	31,803	5,730
Salaries and director fees	117,974	-
Professional and consulting expenditure	39,771	551
Share based compensation	86,235	801
Travel expenditure	19,283	-
Investor relations expenditure	24,008	-
Foreign exchange loss	10,468	-
Depreciation	8,037	-
Interest	6,916	-
	<b>344,495</b>	<b>7,082</b>

### Three months ending March 31, 2018 - Q1 2018

The increase in the loss compared to the comparative prior period is due to the following factors:

- General and administrative costs increased due to the increased activities of the Company. Costs incurred during the period ended March 31, 2018 include company secretarial fees of \$10,517 (2016: nil), registry fees of \$3,525 (2016: nil), listing fees of \$4,114 (2016: \$5,691) insurance costs \$4,323 (2016: nil) and general office and administrative costs of \$8,386 (2016: \$69).
- Salaries and directors fees increased in the current period as a management team was put in place and directors were remunerated for their services due to the expanded group and increased activities of the Company. In the prior period no salaries or directors fees were paid.
- Professional and consulting fees for the period ended March 31, 2018 include legal fees \$14,568 and accrued audit fees of \$17,204 (2016: \$551 (2016: \$551)). These costs have increased due to the increase in the size and complexity of the Group from that of the prior comparative period.
- Share based payments increased in the current period as a result of an increase in the number of options issued to directors, officers and employees of the Company. This is due to the increase in number of employees, directors and officers when compared to those of the prior period.
- Travel and investor relations expenses increased in the current period due to increased investor relation and marketing activities that were undertaken at various international conferences to promote the expanded Group. In the prior comparative period there was no requirement to undertake these types of activities as the Company had not yet identified any exploration assets to promote.
- A foreign exchange loss was recognised \$10,468 on payments denominated in foreign currencies during the period. In the prior comparative period no such payments were made.
- Interest expense increase of \$6,916 reflects the interest recognised on the contractual obligation payable to Sandstorm Gold Limited.

### 3. SELECTED UNAUDITED QUARTERLY FINANCIAL INFORMATION

SUMMARY OF RESULTS	Q1 2018 \$	Q4 2017 \$	Q3 2017 \$	Q2 2017 \$	Q1 2017 \$	Q4 2016 \$	Q3 2016 \$	Q2 2016 \$
Net sales or total revenue	50	-	-	-	-	-	-	-
Loss	(344,445)	(85,590)	(30,425)	(13,491)	(7,082)	(10,561)	(3,493)	(17,905)
Basic & diluted loss per share	0.01	0.01	0.00	0.00	0.00	0.00	0.00	0.00
Total assets	5,602,849	5,913,625	291,280	293,120	299,674	298,240	298,657	318,277
Total current liabilities	698,192	741,662	32,253	14,729	14,524	9,559	8,165	7,679

The net loss of \$344,445 for the quarter ended March 31, 2018 increased when compared to the loss of \$7,082 recorded in the quarter ended March 31, 2017, and prior period quarters, due predominantly to the increased activities and the expanded operations of the company following the Qualifying Transaction and the Private Placement completed in December 2017.

Prior to the period ending March 31, 2017, the Company was not involved in exploration activities but continued to look for potential resource properties for acquisition and costs incurred related solely to the maintenance of the Company and support for its continued endeavours in identifying appropriate properties.

### 4. DISCLOSURE OF OUTSTANDING SHARE CAPITAL

The number of common shares outstanding at March 31, 2018 is 28,923,483 (2016: 8,000,001).

Included in Capital Stock are the following shares which are subject to escrow and hold provisions; 2,137,200 shares issued to Sandstorm, 4, 800, 000, shares issued to the minority interest in Awalé

and Aforo as part of the acquisition on December 29, 2017 in line with the Acquisition Agreements; and 13,967,902 share issued as part of the private placement. These escrowed shares will be released periodically over the next three years in line with the relevant agreements. These shares may not be transferred, assigned or otherwise dealt without the consent of the regulatory authorities.

The Company has the following warrants outstanding as at March 31, 2018 denominated in US\$:

	Number of warrants	Weighted average exercise price \$	Expiry date
Balance January 1, 2017	200,000	0.08	April 14, 2018
Issued December 29, 2017	6,983,951	0.32	December 29, 2019
Issued December 29, 2017	200,000	0.20	December 29, 2020
Balance December 31, 2017	7,383,951		
Exercised	(17,380)	0.08	December 29, 2019
Balance March 31, 2018	7,366,571		

The Company has the following options outstanding as at as at March 31, 2018 denominated in US\$::

	Number of options	Weighted average exercise price \$	Expiry date
Balance January 1, 2016	400,000	0.08	April 14, 2021
Balance December 31, 2017	400,000	0.08	
Issued	1,930,000	0.32	January 16, 2021
Balance March 31, 2018	2,330,000	0.28	

## 5. LIQUIDITY AND CAPITAL RESOURCES

### **Working Capital**

As at March 31, 2018 the Company had working capital of \$1,481,793 (March 31, 2017: \$285,150). The increase in working capital is a result of the private placement that was undertaken on December 29, 2017 raising \$2,783,560, the acquisition of existing cash balances in entities acquired of \$148,837 ; offset by share costs of \$165,656. This increase in cash was offset by payments to employees, directors and suppliers; as well as payments for exploration costs incurred during the quarter in the newly acquired subsidiaries.

The Company's continuing operations are dependent upon its ability to either secure additional capital or generate consistent cash flow from operations in the future

### **Cash and cash equivalents**

As at March 31, 2018 the Company had cash of \$2,092,501 (March 31:2017: \$297,374).

### **Cash used in operating activities**

Cash used in operating activities during the three months ended March 31, 2018 was \$298,024. (March 31, 2017: \$2,072). The cash used in operating activities represents general and administrative costs incurred. These costs increased in the quarter due to the acquisition of the Awalé and Aforo in December 2017 and the increased administrative activities required as a result.

### **Cash used in investing activities**

Cash used in investing activities for the three months ending March 31, 2018 was \$569,814 (March 31, 2017: nil). This expenditure related to exploration expenditure of \$559,944 at the newly acquired Côte d'Ivoire properties and payments for plant and equipment of \$9,870 (including a deposit for a truck) for use at the exploration properties.

### **Cash from financing activities**

Cash of \$119,223 was received during the three months ended March 31, 2018 in relation to the issue of shares, this was offset by costs paid totalling \$83,806 related to the private placement and qualifying transaction undertaken in late December 2017.

## **6. GOING CONCERN**

The ability of the Company to continue as a going concern is dependent on the ability to raise capital through the listing on the TSX. However should additional capital not be available, the combined group may be unable to continue as a going concern.

The directors are confident of raising additional capital to continue as a going concern. No adjustments have been made relating to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the combined group not continue as a going concern.

## **7. TRANSACTIONS BETWEEN RELATED PARTIES**

During the three months ended March 31, 2018 the Company incurred charges to directors and officers, or to companies associated with these individuals as follows:

	<b>3 months ended March 31, 2018</b>
Non-executive directors' fees (i)	15,000
CEO fees & entitlements (ii)	55,089
COO fees & entitlements	47,567
Accounting fees – CFO services (iii)	24,488
Company secretarial fees (iv)	7,526
Technical committee fees (v)	3,000
Share based payment	43,656
	<hr/> 196,326

- (i) This cost includes fees owed to DH Mining Advisory Services Limited, a company owned by D Hartman and Austral Consulting Services, a company owned by E Roth for non-executive director fees.
- (ii) Included in this cost is an amount owed to Parsons Capital Super Fund, a company owned by G Parsons, for post employment benefits.
- (iii) This cost is for fees owed to Genco Professional Services Limited, a company owned by S Cooper for CFO services.
- (iv) This cost is for fees paid to Marketworks Inc. a company owned by K Witter for company secretarial services provided.
- (v) This cost is for technical committee fees owed to Austral Consulting, a company owned by E Roth.

There were no related party transactions for the three months ended March 31, 2017.

### **Compensation of key management personnel**

The Company considers its directors and officers to be key management personnel. Transactions with key management personnel are set out below:

	<b>3 months ended March 31, 2018</b>	<b>3 months ended March 31, 2017</b>
Salaries	91,053	-
Non-monetary benefits	7,656	-
Post -employment benefits	3,947	-
Share based payment	43,656	801
CFO fees	24,488	-
Company Secretarial fees	7,526	-
Technical Committee fees	3,000	-
Non-executive director fees	15,000	-
	<hr/> 196,326	<hr/> 801

## 8. OFF BALANCE SHEET ARRANGEMENTS

The Company does not utilise any off balance sheet arrangement.

## 9. PLAN OF OPERATIONS AND FUNDING

The Company's plan of operation over the next twelve months is to progress an appropriate exploration program at its gold permits in Côte d'Ivoire.

## 10. COMMITMENTS AND CONTINGENCIES

The Company has the following commitments and payment is contingent on the continued operations based on successful exploration results at its Odienné property at each date disclosed below.

Date	Payment	Condition
January 2019	US\$40,000	36 months from the grant of the First Grant (First Grant being grant of title)
January 2020	US\$80,000	48 months from the grant of First Grant (First Grant being grant of title)
	US\$1,845,000	Upon the Company making a decision to mine in respect of the First Grant, the approval of a mining plan by the relevant authority, and securing finance to carry out that mining plan so as to take the mine to production stage.

Awalé is required to pay a 2% net smelter royalty to Sandstorm on any products sold from the Awalé and Aforo properties as detailed in the Net Smelter Returns Royalty Agreements dated December 29, 2017.

Awalé has two leases in place, one administrative office in Yamoussoukro and a project office in Bondoukou.

The lease commitments are as follows:

	2018	2017
	\$	\$
Within one year	12,000	-
After one year	12,000	-

## 11. SEGMENTED INFORMATION

The Company operates in a single reportable operating segment - the acquisition, exploration and development of mineral properties in the single geographical segment Côte d'Ivoire.

## 12. SUBSEQUENT EVENTS

Subsequent to the period end 178,680 warrants were exercised at \$0.08 per warrant with a total of approximately \$ 14,294 being receipted and 178,680 ordinary shares were issued.

On May 14, 2018 the Board approved, and subject to TSXV acceptance, intends to grant bonuses in the aggregate amount of C\$111,940 to certain senior officers and employees of the Company. The bonuses will be paid, as agreed, by the issuance of 572,000 shares at a deemed price of US\$0.19 (C\$0.25) cents per share.

No other matters or circumstances have arisen since the period end which significantly affected or could significantly affect the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

### 13. FINANCIAL INSTRUMENTS AND RISKS

The Company's financial instruments consist, of cash, receivables, trade payables and contractual obligation payable. Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses.

The Company classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

The Company has classified accounts payable, accrued liabilities and contractual obligation payable as other financial liabilities.

For the three months ended March 31, 2018 the Company has no derivative assets and has recognised an embedded derivative in the contractual obligation payable to Sandstorm as there is an option to settle the annual obligation through the issue of shares at a minimum price that is acceptable to TSXV. The Company has recognised the liability at amortised cost and the embedded derivative is recognised at fair value through the profit or loss.

#### *Classification and fair values*

*As at March 31, 2018*

	<b>Cash, loans and receivables</b>	<b>Other liabilities</b>	<b>Total carrying amount</b>	<b>Total fair value</b>
	\$	\$	\$	\$
<b>Assets</b>				
<b>Current</b>				
Cash and cash equivalents	2,092,501	-	2,092,501	2,092,501
Receivables	22,756	-	22,756	22,756
	<b>2,115,257</b>	<b>-</b>	<b>2,115,257</b>	<b>2,115,257</b>
<b>Liabilities</b>				
<b>Current</b>				
Accounts payable and accrued liabilities	-	403,829	403,829	403,829
Contractual obligation payable	-	294,363	294,363	294,363
<b>Non-current</b>				
Contractual obligation payable	-	1,177,452	1,177,452	1,177,452
		<b>1,875,644</b>	<b>1,875,644</b>	<b>1,875,644</b>

Financial instruments recorded at fair value on the statement of financial position are classified using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value hierarchy has the following levels:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	\$	\$	\$	\$
Cash and cash equivalents	-	2,092,501	-	2,092,501
Receivables	-	22,756	-	22,756
Accounts payable	-	403,829	-	403,829
Contractual note obligation payable	-	1,471,815	-	1,471,815

The activities of the Company expose them to a variety of financial risks that arise as a result of their exploration, development and financing activities, including credit risk, liquidity risk and market risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors of the Company oversees management's establishment and execution of the Company's risk management framework. Management has implemented and monitors compliance with risk management policies. The Company's risk management policies are established to identify and analyze the risks faced by the Company to set appropriate risk limits and controls, and to monitor risks and adherence to market conditions and the Company's activities.

#### **Credit risk**

Credit risk is the risk of financial loss to the Company if the counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises principally from the Company's cash and cash equivalents, short-term investments and amount due from Cartier. The Company holds its key operational bank accounts with reputable banks of international financial institutions.

#### **Liquidity risk**

Liquidity risk is the risk that the Company will encounter difficulty in meeting their financial liabilities that are settled in cash or other financial assets. The Company's approach to managing liquidity risk is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities as they come due. The amounts for accounts payable and accrued liabilities are subject to normal trade terms. The Group expects to settle its financial liabilities within normal trading terms (within three months) and settle its contractual obligation payable balance by making annual payments.

#### **Market risk**

Market risk is the risk that changes in market prices, such as equity prices and foreign exchange rates will affect the Company's income or the value of its financial instruments.

#### **Capital management**

Capital of the Company consists of capital stock and deficit. The Company's objectives when managing capital is to safeguard the Company's ability to continue as a going concern so it they can acquire, explore and develop mineral resource properties for the benefit of its shareholders. The Company manages its capital structure and makes adjustments based on the funds available to it in light of changes in economic conditions. The Board of Directors of the Company has not established quantitative return on capital criteria for management, but rather relies on the expertise of the management to sustain the future development of the Company. In order to facilitate the management of their capital requirements, the Company prepares annual expenditure budgets that consider various factors, including successful capital deployment and general industry conditions. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company is reasonable.

The Company's principal source of capital is from the issue of ordinary shares. In order to achieve its objectives, the Company intends to raise additional funds as required.

The Company is not subject to externally imposed capital requirements and there were no changes to the Company's approach to capital management during the year.

It is management's opinion that the Company is not exposed to significant interest rate, currency or credit risk arising from these financial instruments.

## **14. ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES**

#### **Changes in accounting policy**

The accounting policies adopted are consistent with those of the previous financial year.

### **New accounting standards for application in future periods**

The Company has adopted all applicable new, revised or amending Accounting Standards and Interpretations issued by the International Accounting Standards Board (IASB) that are mandatory for the reporting periods in these consolidated financial statements.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted. At this stage, it is not expected that these new accounting standards will have a material impact on the amounts reported in the Group's financial statements. Certain disclosures and presentation may change due to the new or amended standards.

### **Estimates**

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the next financial year are as follows:

#### *Impairment of exploration and evaluation*

Exploration and evaluation assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable through future exploitation or sale. Such circumstances include the period for which each Company has the right to explore in a specific area, actual and planned expenditures, results of exploration, whether an economically-viable operation can be established and significant negative industry or economic trends. Management judgment is also applied in determining cash generating units, the lowest levels of exploration and evaluation assets grouping, for which there are separately identifiable cash flows, generally on the basis of areas of geological interest.

#### *Share based payments*

The Company uses the Black-Scholes option pricing model in determining share-based payments, which requires a number of assumptions to be made, including the risk-free interest rate, expected life, forfeiture rate and expected share price volatility. Consequently, actual share-based compensation may vary from the amounts estimated.

#### *Contractual obligation payable*

The Company has assessed the contractual obligation payable to Sandstorm as being more likely than not to not continue past 5 years.

## **15. FORWARD LOOKING STATEMENTS**

The MD&A contains forward-looking information within Canadian securities laws (collectively "forward looking statements") concerning the anticipated developments in the Company's operations in future periods, its planned exploration activities, the adequacy of its financial resources and other events or conditions that may occur in the future. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

Statements concerning mineral reserve and resource estimates may also be deemed to constitute forward-looking statements to the extent that they involve estimates of the mineralisation that will be encountered if the property is developed. Any statements that express or involve predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "expects", "anticipates", "plans", "projects", "estimates", "assumes", "intends", "strategy", "goals", "objectives", "potential" or variations thereof, or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken, occur or be achieved, or the negative of any of these terms and similar expressions) are not statements of historical fact and may be forward looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this MD&A speak only as of the date of this MD&A or as of the date specified in such statement.

The following table outlines certain significant forward-looking statements contained in this MD&A and provides the material assumptions used to develop such forward-looking statements and material risk factors that could cause actual results to differ materially from the forward looking statements.

Forward looking information	Assumptions	Risk factors
The Company's anticipated plans , costs, timing and capital for future development of the Company's mineral exploration properties.	Financing will be available for future exploration and development of the Company's properties; the actual results of the Company's exploration and development activities will be favourable; operating, exploration and development costs will not exceed the Company's expectations; the Company will be able to retain and attract skilled staff; all requisite regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company, and applicable political and economic conditions are favourable to the Company ; the price of precious and base metals and applicable interest and exchange rates will be favourable to the Company; no title disputes exist with respect to the Company's properties.	Precious and base metals price volatility; uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; availability of financing for and actual results of the Company's exploration and development activities; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff.
The Company's ability to carry out anticipated exploration on its mineral exploration properties.	The operating and exploration activities of the Company for the twelve months ending December 31, 2018, and the costs associated therewith, will be consistent with the Company's current expectations; debt and equity markets, exchange and interest rates and other applicable economic conditions are favourable to the Company.	Changes in debt and equity markets; timing and availability of external financing on acceptable terms; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic conditions.
Plans, costs, timing and capital for future exploration and development of the Company's property interests, including the costs and potential impact of complying with existing and proposed laws and regulations	Financing will be available for the Company's exploration and development activities and the results thereof will be favourable; actual operating and exploration costs will be consistent with the Company's current expectations; the Company will be able to retain and attract skilled staff; all applicable regulatory and governmental approvals for exploration projects and other operations will be received on a timely basis upon terms acceptable to the Company; the Company will not be adversely affected by market competition; debt and equity markets, exchange and interest rates and other applicable economic and political conditions are favourable to the Company; the price of precious and base metals will be favourable to the Company no title disputes exist with respect to the Company's s properties.	Precious and base metals price volatility, changes in debt and equity markets; timing and availability of external financing on acceptable terms; the uncertainties involved in interpreting geological data and confirming title to acquired properties; the possibility that future exploration results will not be consistent with the Company's expectations; increases in costs; environmental compliance and changes in environmental and other local legislation and regulation; interest rate and exchange rate fluctuations; changes in economic and political conditions; the Company's ability to retain and attract skilled staff.
Management's outlook regarding future trends.	Financing will be available for the Company's exploration and operating activities; the price of precious and base metals will be favourable to the Company.	Precious and base metals price volatility; changes in debt and equity markets; interest rate and exchange rate fluctuations; changes in economic and political conditions
Prices and price volatility for precious and base metals.	The price of precious and base metals will be favourable; debt and equity markets, interest and exchange rates and other economic factors which may impact the price of precious and base metals will be favourable.	Changes in debt and equity markets and the spot price of precious and base metals; interest rate and exchange rate fluctuations; changes in economic and political conditions.

Inherent in forward looking statements are risks, uncertainties and other factors beyond the control of the Company's ability to predict or control. Please make reference to those risk factors referenced in

the “Risk factors” section above. Readers are cautioned that the above chart does not contain an exhaustive list of the factors or assumptions that may affect the forward-looking statements, and that the assumptions underlying such statements may prove to be incorrect. Actual results and development are likely to differ, and may differ materially, from those expressed or implied by the forward-looking statements outlined in this MD&A.

Forward-looking statements include known and unknown risks, uncertainties and other factors that may cause the Company’s actual results, performance or achievements to be materially different from any of its future results, performance or achievements expressed or implied by forward-looking statements. All forward-looking statements herein are qualified by the cautionary statement. Accordingly, readers should not place undue reliance on forward-looking statements. The Company undertakes no obligation to update publicly or otherwise review any forward-looking statements whether as a result of new information or future events or otherwise, except as may be required by law. If the Company does update one or more forward-looking statements, no inference should be drawn that it will make additional updates with respect to those or other forward looking statements, unless required by law.

## **16. BOARD**

The Board of the Company comprise the following members:

- Mr Ronald Ho
- Mr Eric Roth
- Mr Derk Hartman
- Mr Glen Parsons

## **17. DISCLAIMER**

The information provided in this document is not intended to be a comprehensive review of all matters and developments concerning the Company. It should be read in conjunction and in context with all other disclosure documents of the company. The information contained herein is not a substitute for detailed investigation or analysis on any particular issue. No securities commission or regulatory authority has reviewed the accuracy or adequacy of the information presented.

## **18. ADDITIONAL INFORMATION**

For further detail, see the Company’s Audited Financial Statements and other documents available on SEDAR. [www.sedar.com](http://www.sedar.com).